3Q 2017

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Chief Financial Officer

Analyst conference call
November 10, 2017

Allianz

Please note: Prior year figures have been adjusted due to an updated operating profit definition and an accounting policy change. For further information please refer to the section “Additional information” of the Analyst presentation in 1Q 2017.

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Group financial results 3Q 2017

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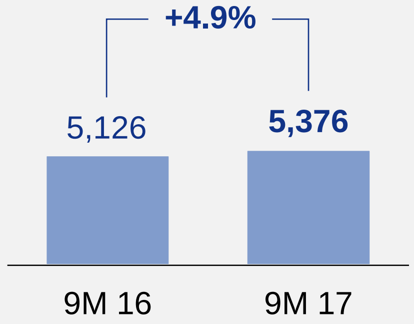
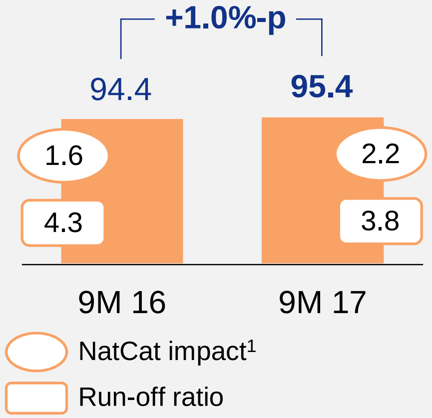
Group: 9M net income up 5 percent

	Group	Property-Casualty	Life/Health	Asset Management
Total revenues 9M 17 in EUR bn (vs. prior year in %)	**94.5** (+2.2%)	**40.9** (+1.4%)	**48.7** (+2.6%)	**4.7** (+6.7%)
Operating profit 9M 17 in EUR mn (vs. prior year in %)	**8,337** (+3.5%)	**3,744** (-6.8%)	**3,351** (+9.8%)	**1,743** (+11.5%)

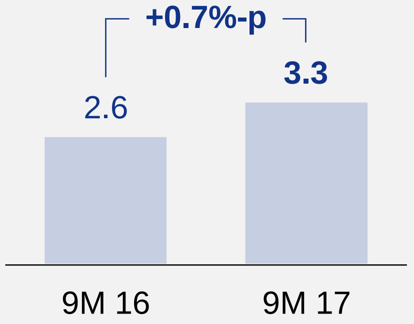
Shareholders' net income
(EUR mn)



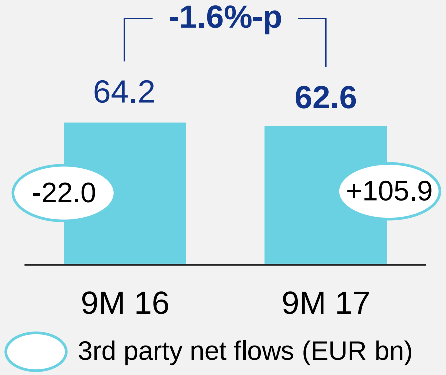
Combined ratio
(in %)



New business margin
(in %)



Cost-income ratio
(in %)



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1) NatCat costs (without reinstatement premiums and run-off)

Group: 9M net income up 5 percent

Comments

- **Good internal growth of 3.5%**
  Highest internal growth in AM +6.7%, followed by L/H +4.9% and P/C +1.5%.
- **Operating profit growth driven by L/H and AM**
  Operating profit at 77% of FY outlook midpoint.
- **Outlook 2017: OP in the upper half of target range**
  For the full year, Allianz now expects to arrive in the upper half of its operating profit target range of 10.8 billion euros, plus or minus 500 million euros, barring unforeseen events, crises or natural catastrophes.
- **Shareholders' net income up 5%**
  Net income at 77% of FY 2016 with operating profit (Δ EUR +279mn) as largest driver.
- **EPS growth at 4.7% (annualized, vs. EPS for FY 15)**
  Close to 5% target. EPS 9M 2017 up 6.3%.
- **RoE (annualized) at 12.4%**
  All business segments with RoE >12%, RoE L/H +3%-p to 12.6%.
- **P/C – high NatCat**
  Operating profit at 71% of FY outlook midpoint. YoY decline of -6.8% entirely due to lower underwriting result. EUR 0.2bn higher NatCat losses are main reason. Attritional LR (AY LR ex NatCat) improves -0.4%-p despite YoY increase in large and weather-related losses. Run-off below last year.
- **L/H – OP outstanding, new business profitable**
  Operating profit at 84% of FY outlook midpoint with investment margin strong at 72bps. New business growth at 3% and accelerating. Share of preferred lines at 76% and NBM of 3.3% well ahead of target.
- **AM – EUR 106bn 3rd party net inflows**
  Operating profit improves significantly by 11%, primarily due to strong net inflows supporting higher AuM driven fees. 76% of FY outlook midpoint achieved.

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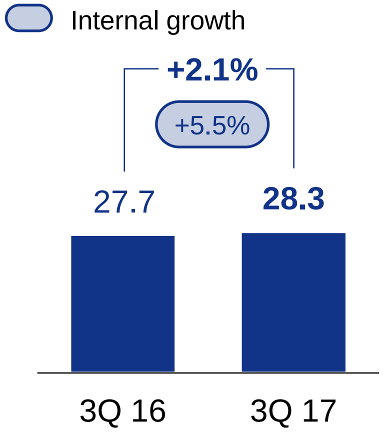
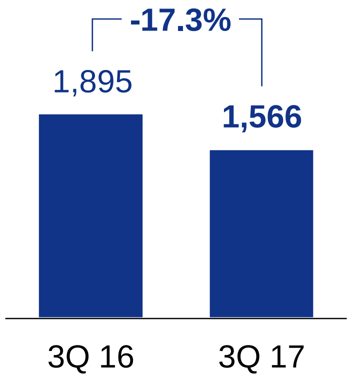
Group: good 3Q performance impacted by NatCat

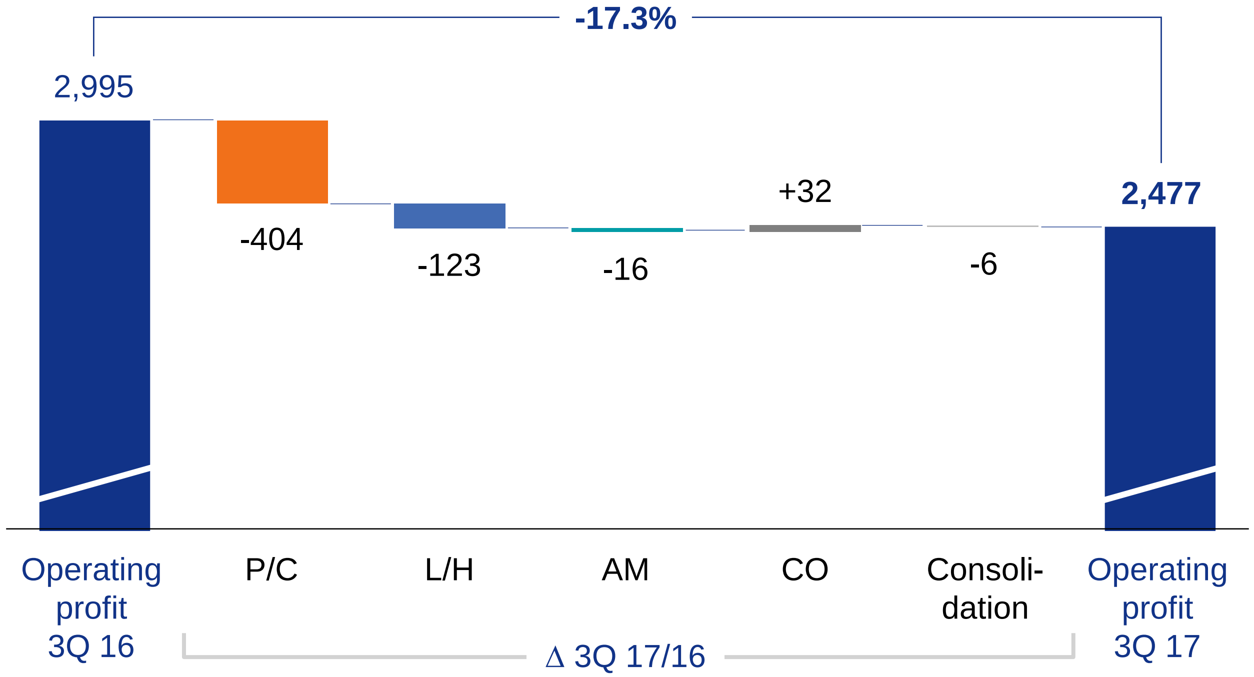
Total revenues (EUR bn)



Shareholders' net income (EUR mn)



Operating profit drivers (EUR mn)



3Q 17	**1,039**	**1,069**	**588**	**-211**	**-8**
3Q 16	1,443	1,192	604	-242	-2

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Group: good 3Q performance impacted by NatCat

Comments

- **Internal growth of 5.5%**
  Headwind from F/X (-2.2%) and consolidation (-1.1%) more than offset. Highest internal growth in L/H +8.2%, followed by AM +5.0% and P/C +2.2%.
- **Operating profit – impacted by NatCat**
  Profitability of L/H and AM remains excellent. Lower contribution from P/C mainly due to higher NatCat load.
- **S/h net income at EUR 1.6bn**
  Lower operating profit (Δ EUR -518mn) main driver.
- **EUR 3bn share buy-back on track**
  14.2mn shares acquired by 27 October 2017 representing 3.1% of outstanding capital as per December 31, 2016. Total consideration EUR 2.5bn. Number of shares cancelled amount to 10.9mn.
- **P/C – a solid performance in a difficult quarter**
  Operating profit down -28% driven by lower underwriting result. Principal reason is EUR ~500mn higher NatCat losses, weather-related and large losses are also up vs. 3Q 2016. Current investment income remains resilient.
- **L/H – OP > EUR 1bn for 6th consecutive quarter**
  Operating profit at 27% of FY outlook midpoint with investment margin solid at 23bps. New business mix moves closer to target with share of preferred lines at 77%. New business volume grows 5% at attractive NBM of 3.4%.
- **AM – EUR 32bn 3rd party net inflows**
  3rd party net inflows (EUR 31.7bn) support asset base and AuM driven fees. Adverse impact from lower performance fees (primarily less carried interest at PIMCO), F/X and several one-off expenses. F/X-adjusted operating profit rises 1%.

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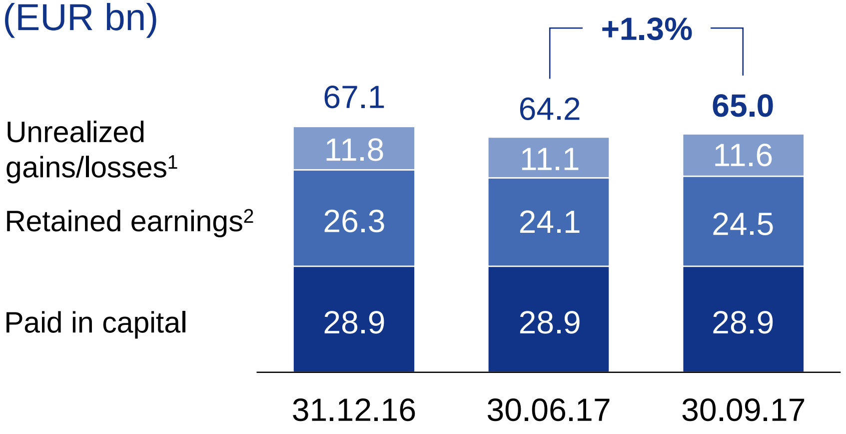
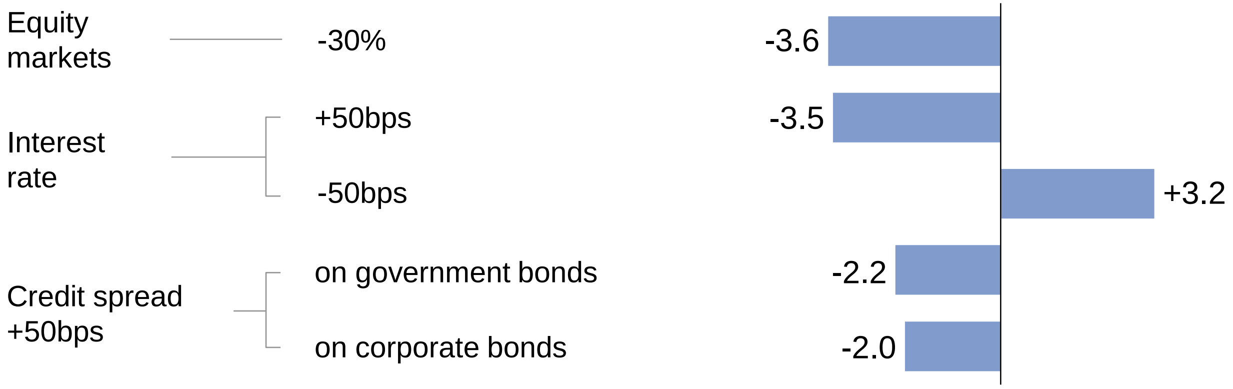
Group: SII ratio at 227% – up 8%-p in the quarter

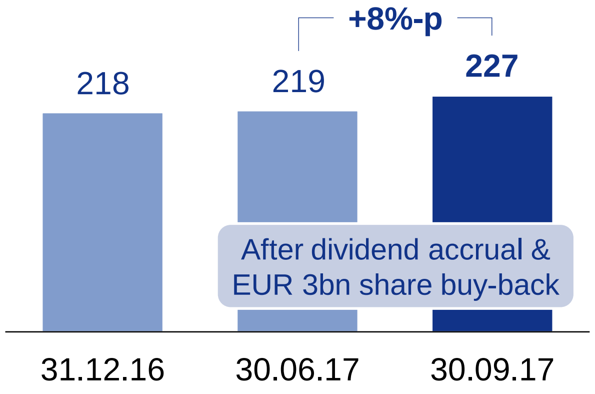
Shareholders' equity (EUR bn)



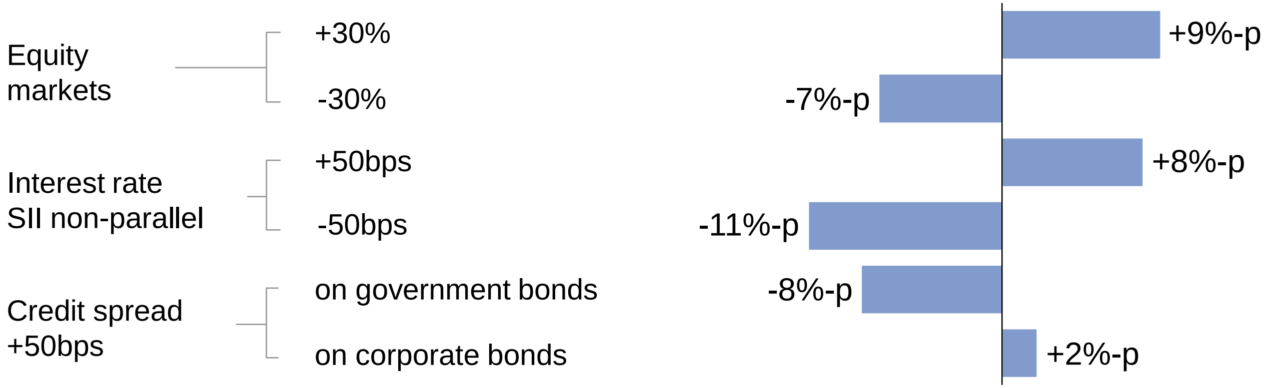
Key sensitivities (EUR bn)



SII capitalization (in %)



Key sensitivities[3]



1) Off-balance sheet unrealized gains on real estate, associates and joint ventures attributable to the shareholders amount to EUR 3.3bn as of 31.12.16, EUR 3.3bn as of 30.06.17 and EUR 3.3bn as of 30.09.17

2) Including F/X

3) Management actions not considered in the disclosed sensitivities. Second order effects to other risk types and to own funds transferability restrictions are not considered

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Group: SII ratio at 227% – up 8%-p in the quarter

Comments

- **Shareholders' equity – up 1%, despite EUR 0.6bn repurchased shares**
  In 3Q 2017, shareholders' equity increases by EUR 0.8bn. The positive impacts from net income (EUR +1.6bn) and higher net unrealized gains (EUR +0.4bn) were partly offset by negative impacts from actuarial gains/losses on defined benefit pension plans (EUR -0.1bn), negative F/X effect (EUR -0.5bn) and share buy-back (EUR -0.6bn). Book value per share EUR 147.

- **SII ratio – above upper end of target range**
  SII ratio increased 8%-p in the quarter and now exceeds the upper end of our 180-220% target range. Pre-tax operating capital generation contributed +8%-p while the dividend accrual (~-2%-p) and market, tax, other effects (~+2%-p) largely offset each other.
  As in 2Q, there is no impact from the ongoing share buy-back on our SII ratio as the full amount of EUR 3bn was deducted in 1Q already.

- **SII sensitivities**
  Our main market sensitivities stayed constant in 3Q vs. 2Q.

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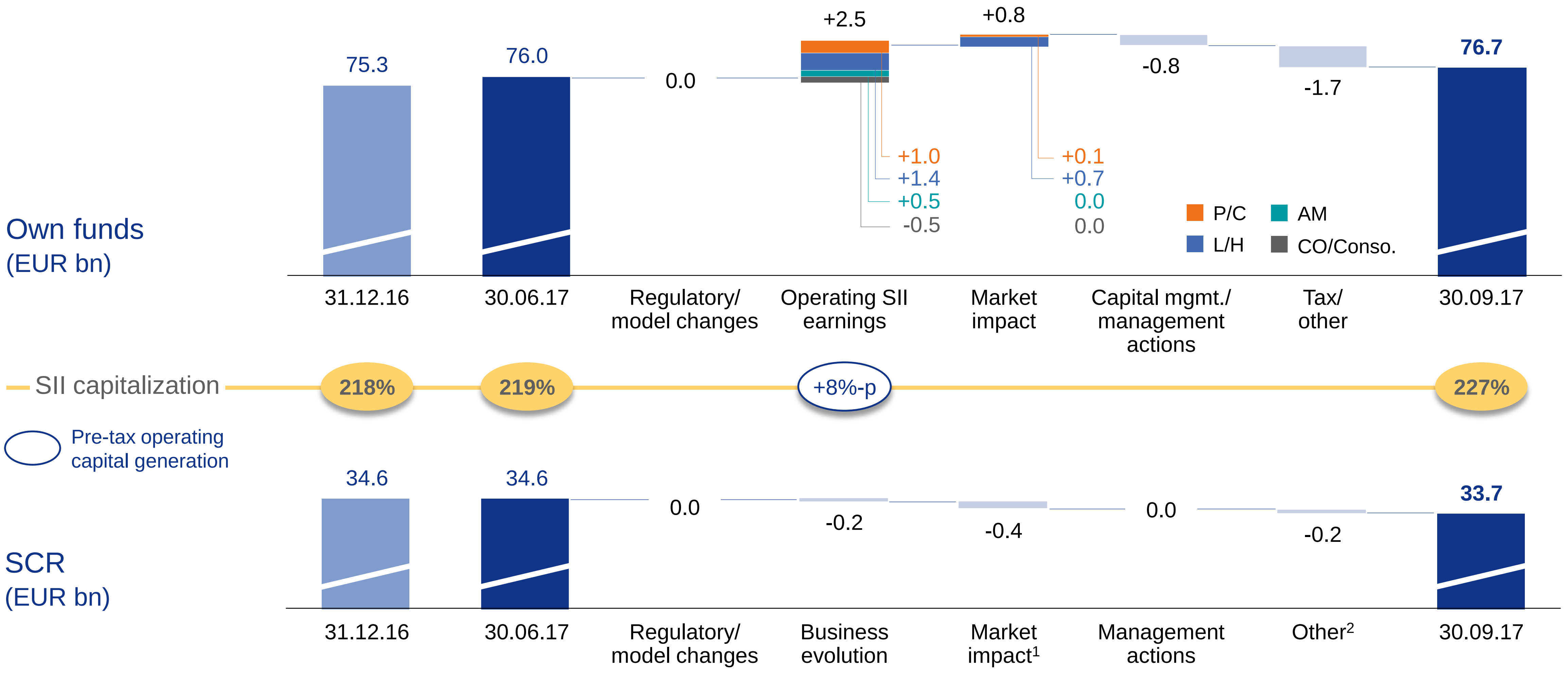
Group: 4%-p net capital generation in the quarter – 11%-p YTD



1) Including cross effects and policyholder participation
2) Other effects on SCR include diversification effects and third country equivalence

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Group: 4%-p net capital generation in the quarter – 11%-p YTD

Comments

- **SII ratio up on higher own funds and lower SCR**
  SII ratio increases +8%-p in the quarter, driven by both higher own funds (∆ EUR +0.7bn) and lower solvency capital requirements (∆ EUR -0.9bn).
- **Own funds – strong SII earnings drive own funds**
  Key driver in 3Q are SII operating earnings, partly offset by taxes (EUR -1.0bn) and higher transferability restrictions (EUR -0.7bn) due to the SCR decline. Positive market impacts were broadly offset by the normal 50% dividend accrual.

  SII earnings of +8%-p before tax and before dividend accrual – +4%-p net of both effects – is another strong performance. L/H earnings (continued strong VNB contribution) are ahead, while P/C and AM are close to their IFRS results. Corporate is below its IFRS operating result due to inclusion of interest payment on external debt.
- **SCR – lower on market effects and capital efficient growth**
  Business evolution shows a positive contribution, as L/H in-force release exceeds new business capital requirements, demonstrating the success of our focus on capital-efficient products.
- **9M – strong capital generation**
  SII capital generation for 9M – net of tax and dividend accrual – amounts to ~+11%-p, already exceeding the -9%-p reduction from our EUR 3bn share buy-back booked in 1Q.

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P/C: solid price- and volume-driven internal growth

EUR mn		Revenues: 3Q 17	Revenues: Total growth Δ p.y.	Revenues: Internal growth Δ p.y.	YTD rate change on renewals: 9M 17	YTD rate change on renewals: Momentum
Total P/C segment		**11,549**	+0.2%	**+2.2%**	**+1.5%**	–
Large OEs	Germany	2,005	+0.8%	+0.8%	+2.4%	stable
	France	1,029	+1.1%	+1.1%	+0.7%	stable
	Italy	940	-2.2%	-2.2%	-1.3%	stable
Global lines	AGCS	1,791	+1.7%	+6.0%	+0.1%	stable
	Allianz Partners	941	+9.4%	+12.5%	+1.6%	stable
	Credit Insurance	525	+1.0%	+2.8%	-1.4%	stable
Selected OEs	Australia	878	-1.3%	-0.2%	+1.9%	positive
	United Kingdom	604	-0.5%	+5.1%	+3.6%	positive
	Latin America	515	+4.6%	+11.3%	n.m.	–
	Spain	504	+0.4%	+0.4%	+4.1%	positive
	CEE	470	+2.5%	+1.4%	n.a.	n.a.
	Turkey	248	-36.3%	-20.6%	n.a.	n.a.

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P/C: solid price- and volume-driven internal growth

Comments

- **Internal growth rebounds**
  Good internal growth of +2.2% (1Q: +1.7%; 2Q: +0.5%) driven by price and volume. AP, AGCS, UK particularly strong, more than offsetting lower volumes from Turkey and Italy. F/X -2.4% (AGCS, Turkey, UK) and consolidations +0.4% lead to +0.2% total growth.
  9M rate change on renewals +1.5%.
- **Germany – price-driven growth**
  Good growth in motor partly offset by declining APR volumes in retail.
- **France – price more than offsets volume effect**
  Personal lines (+2.5%) with continued good performance in motor and non-motor.
- **Italy – growth in non-motor offset by motor**
  Good growth in non-motor (+1.6%) continues to be offset by average premium contraction in MTPL. Motor decline (-4.3%) at lowest quarterly level YTD, though.
- **AGCS – volatility offsets re-underwriting**
  Volatility in ART business more than offsets impacts of continued re-underwriting initiatives and discontinued US crop business.
- **AP – excellent growth continues**
  Allianz Worldwide Partners was rebranded to Allianz Partners (AP) on October 13. Main growth drivers at AP P/C remain travel portfolio and new business.
- **Australia – commercial with strong performance**
  Good growth in property offset by lower revenues in other lines of business.
- **UK – growth entirely price-driven**
  Strong growth in commercial motor and Petplan business offset underwriting actions in household.
- **LatAm – recovery in Brazil continues**
  Brazil (internal growth +10.8%) with fourth consecutive quarter of internal growth. Argentina (+7.0%) and Colombia (+12.4%) also with good internal top-line growth.
- **Turkey – ongoing price ceiling effect**
  Price ceiling, introduced by regulator on April 12, continues to negatively impact MTPL premiums (Δ -48%). Price effect outside motor MTPL is positive.

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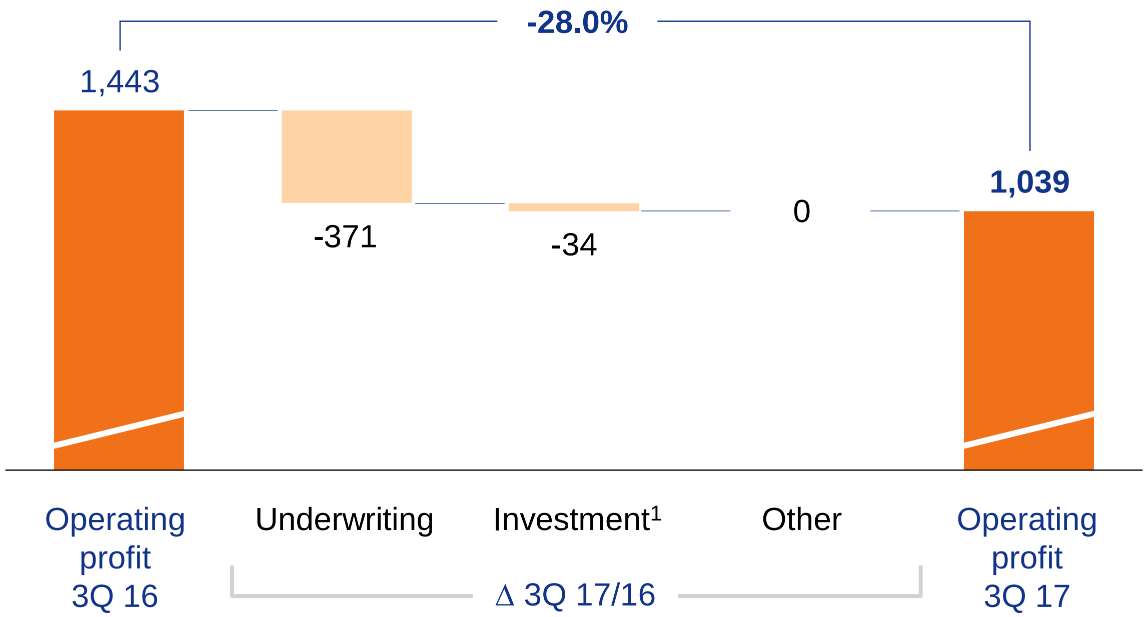
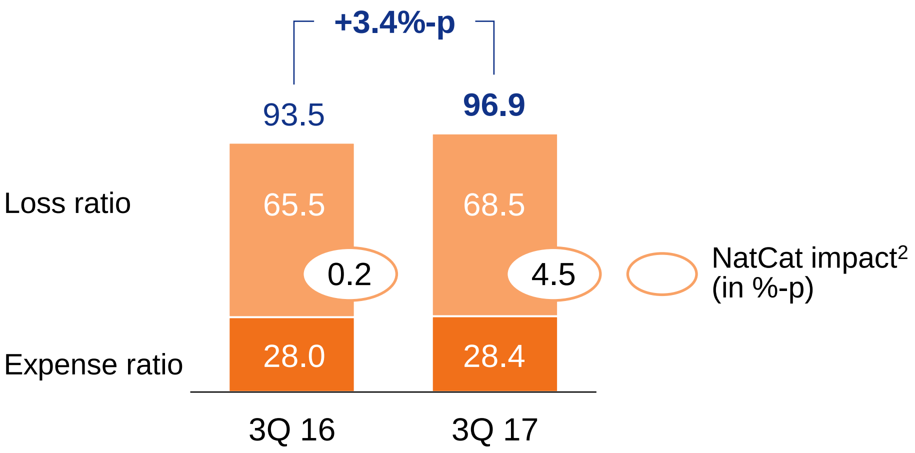
P/C: OP impacted by NatCat, weather and large losses

Operating profit drivers (EUR mn)

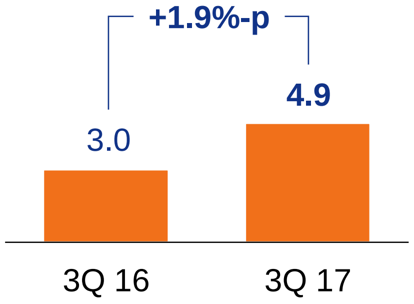


3Q 17	**299**	**716**	**24**
3Q 16	670	749	24

Combined ratio (in %)



Run-off ratio (in %)



1) Including policyholder participation
2) NatCat costs (without reinstatement premiums and run-off)

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P/C: OP impacted by NatCat, weather and large losses

Comments

- **Operating profit – down on volatile items**
  OP development driven by lower underwriting result as NatCat, weather-related and large losses are all up vs. 3Q 2016. Investment result remains resilient. Net losses for hurricanes Harvey, Irma and Maria amount to EUR ~400mn. Externally ceded NatCat claims are EUR ~175mn only (ex French state reinsurance scheme).
- **NatCat & weather – 4.9%-p higher than last year**
  NatCat losses of EUR 529mn / 4.5% well above very benign prior year (EUR 28mn / 0.2%) and above 10Y 3Q average of 2.1%.
  Weather-related losses (ex NatCat) also elevated this quarter and +0.7%-p above 3Q 2016.
- **Run-off – YTD below last year**
  At 4.9%, well above 3.0% in 3Q 2016. However, 9M run-off ratio of 3.8% below last year's 4.3%.
- **Loss ratio – NatCat main driver**
  AY LR increases +4.9%-p. Development is driven by NatCat and attritional LR (Δ +0.7%-p). Latter is adversely impacted by higher weather-related losses as well as higher large losses (Δ +0.6%-p).
- **Expense ratio – slightly up, driven by mix**
  Similar factors as in 2Q − strong growth in high-commission travel business at AP and discontinuation of crop business at AGCS. Action is being taken to improve ER to achieve 94% CR target in 2018.
- **9M – good underlying development**
  EUR 3.7bn OP for 9M at 71% of FY outlook midpoint and EUR -0.3bn below last year. Attritional LR is -0.4%-p better than last year (including +0.2%-p worse weather-related losses). However, higher NatCat losses (+0.6%-p), lower run-off (+0.5%-p) and a higher ER (+0.2%-p) more than offset improvement, leading to a +1.0%-p CR increase.

	9M 2016	9M 2017	Δ
Attritional LR	**68.8%**	**68.5%**	**-0.4%-p**
NatCat	1.6%	2.2%	+0.6%-p
Run-off	-4.3%	-3.8%	+0.5%-p
ER	28.3%	28.5%	+0.2%-p
CR	94.4%	95.4%	+1.0%-p

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P/C: AGCS, France and Germany with biggest NatCat impact

EUR mn		Operating profit 3Q 17	Operating profit Δ p.y.	Combined ratio 3Q 17	Combined ratio Δ p.y.	NatCat impact on CR[1] 3Q 17	NatCat impact on CR[1] Δ p.y.
Total P/C segment		**1,039**	-28.0%	**96.9%**	+3.4%-p	**4.5%-p**	+4.2%-p
Large OEs	Germany	211	-33.6%	96.3%	+5.3%-p	1.6%-p	+1.6%-p
	France	113	-22.4%	95.9%	+2.7%-p	2.6%-p	+2.7%-p
	Italy	275	+27.6%	80.7%	-6.2%-p	0.0%-p	0.0%-p
Global lines	AGCS	-53	-124.7%	112.9%	+20.8%-p	24.7%-p	+25.0%-p
	Allianz Partners	41	-12.7%	98.5%	+1.6%-p	0.4%-p	+0.4%-p
	Credit Insurance	101	+8.1%	82.3%	-0.5%-p	–	–
Selected OEs	Australia	96	+111.3%	92.7%	-6.0%-p	-0.2%-p	-0.2%-p
	United Kingdom	14	-57.0%	101.9%	+4.1%-p	0.0%-p	-1.4%-p
	Latin America	10	n.m.[2]	106.7%	-1.6%-p	0.0%-p	0.0%-p
	Spain	40	+33.2%	94.5%	-1.8%-p	0.1%-p	+0.1%-p
	CEE	59	+32.8%	89.6%	-3.4%-p	0.0%-p	0.0%-p
	Turkey	37	-19.0%	99.8%	+4.3%-p	0.0%-p	0.0%-p

1) NatCat costs (without reinstatement premiums and run-off)
2) Operating profit for Latin America increased by EUR 42mn from EUR -32mn in 3Q 16

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P/C: AGCS, France and Germany with biggest NatCat impact

Comments

- **Germany – NatCat and weather drive result**
  AY LR increase (∆ +4.1%-p) entirely due to higher NatCat and weather-related losses.
- **France – impacted by NatCat**
  Losses in particular from Irma and Maria partly mitigated by higher run-off and lower ER.
- **Italy – CR outstanding due to run-off**
  Run-off extraordinarily high. AY LR up +1.1%-p as weather losses more than offset better motor frequency and severity. Top-line decline impacts expense ratio (∆ +1.9%-p).
- **AGCS – attritional LR improves**
  CR increases on higher NatCat losses – in particular EUR ~220mn for 3Q hurricanes. Attritional LR improves -5.2%-p. ER up (∆ +4.6%-p) as a result of lower NPE and discontinued US crop business.
- **Australia – excellent CR**
  AY LR -6.6%-p better driven by attritional LR improvement. Negative impact of lower run-off on CR largely offset by better ER.
- **UK – a difficult quarter**
  Adverse large loss development and lower run-off are principal reasons for higher CR.
- **LatAm – strong OP turn-around**
  Brazil with CR improvement of -6.1%-p to 108.2%. OP close to break-even (∆ EUR +43.3mn). Last year's OP negatively impacted by a one-off reserve strengthening for a run-off life portfolio. OP in Argentina positive for fifth consecutive quarter (EUR +12mn (∆ EUR +3mn)).
- **Spain – continued good performance**
  Lower large losses main reason for -1.3%-p improvement in AY LR. ER also lower by -0.4%-p.
- **CEE – strong performance**
  ER improves -0.6%-p across the region, reflecting good expense management. LR better by -2.7%-p, in particular due to motor LR improvements in Poland and Czech Republic.
- **Turkey – difficult environment, good performance**
  CR adversely impacted by MTPL business and weather losses. ER improves (∆ -0.6%-p to 20.3%) despite lower top-line driven by successful expense management.

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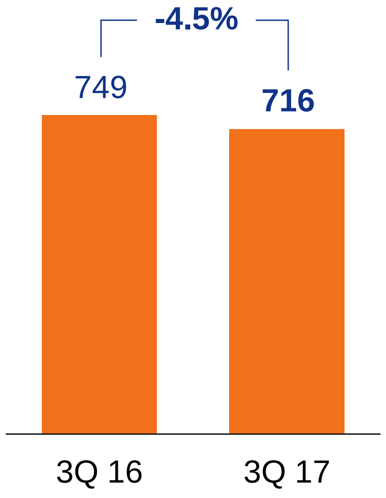
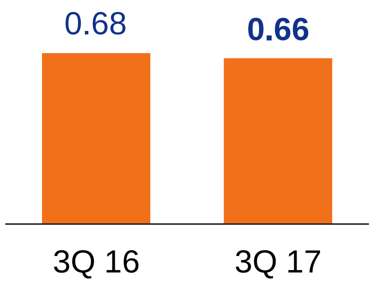
P/C: ongoing resilience

Operating investment result[1]
(EUR mn)

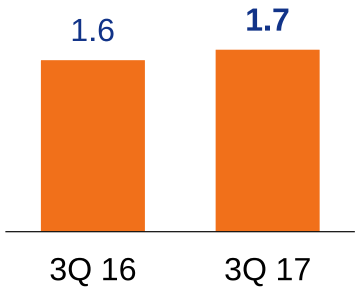


	3Q 16	3Q 17	Change
Interest & similar income[2]	831	833	+3
Net harvesting and other[3]	10	-25	-35
Investment expenses	-91	-93	-1

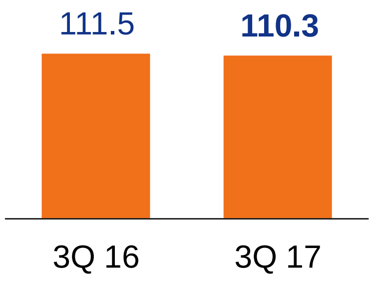
Current yield
(debt securities; in %)



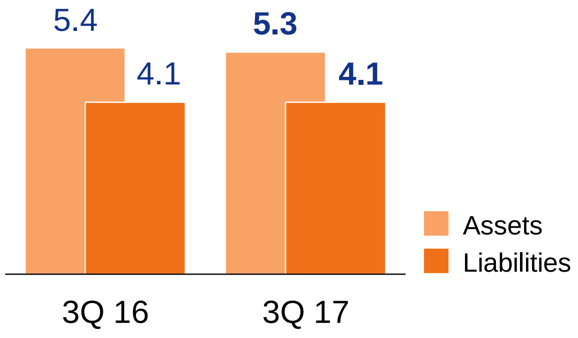
Economic reinvestment yield
(debt securities; in %)



Total average asset base[4]
(EUR bn)



Duration[5]



1) Including policyholder participation
2) Net of interest expenses
3) Other comprises fair value option, trading and F/X gains and losses, as well as policyholder participation

4) Asset base includes health business France, fair value option and trading
5) For the duration calculation a non-parallel shift in line with Solvency II yield curves is used. Data excludes internal pensions residing in the P/C segment

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P/C: ongoing resilience

Comments

- **Interest & similar income**
  Flat development is a strong performance as higher income on equities compensates lower income on debt. Current yield decline of 3bps in line with market developments. YTD, resilient development of interest & similar income (net of interest expenses) which is basically flat vs. 9M 2016 at EUR ~2.5bn.
- **Net harvesting & other**
  Lower investment income for APR policies net of PHP and lower F/X result net of hedges.
- **Economic reinvestment yield**
  Increase of 0.2%-p vs. 2Q 2017 spread across all fixed income categories.

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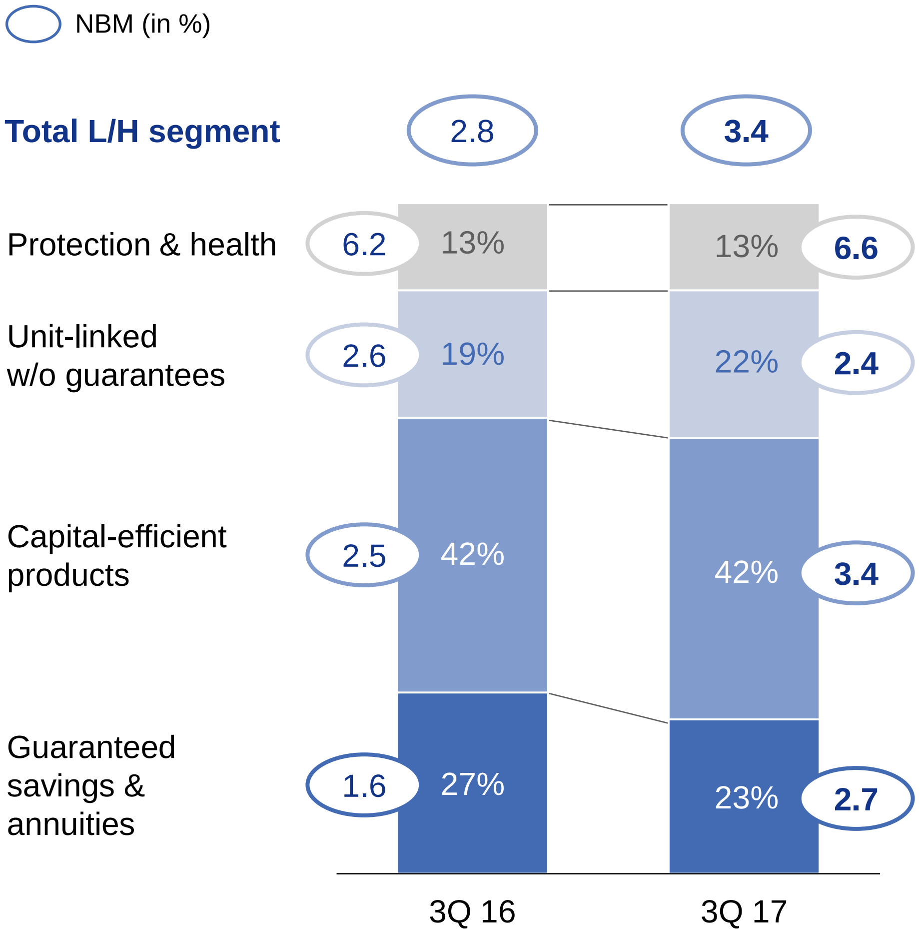
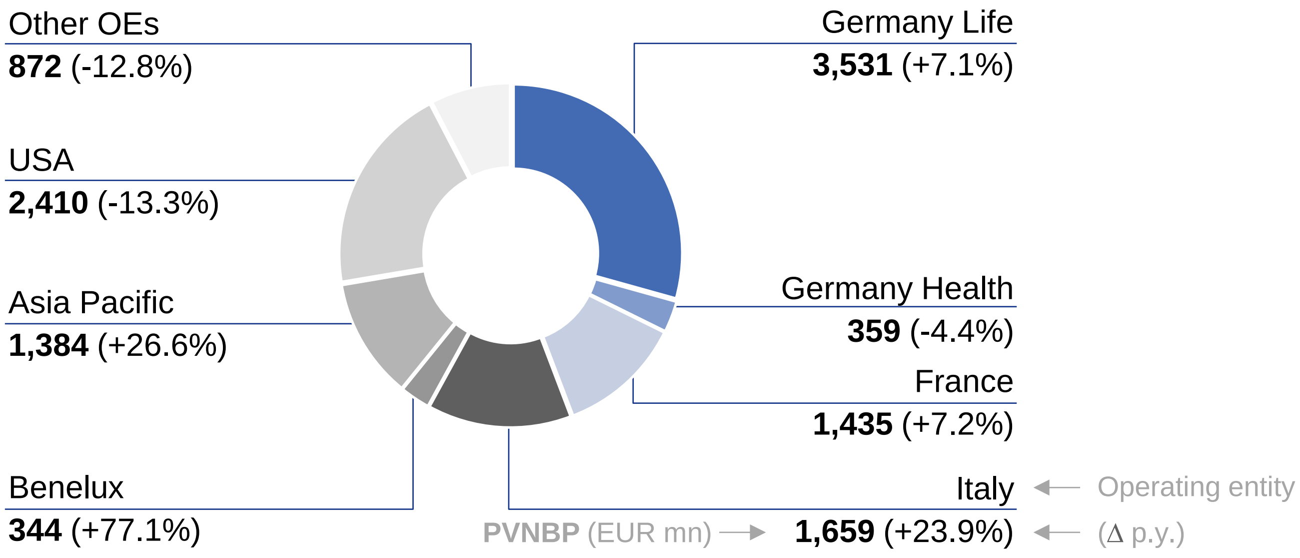
L/H: 5 percent new business growth with NBM of 3.4 percent

PVNBP share by line



PVNBP by OE (EUR mn)



EUR mn	3Q 16	3Q 17	Δ p.y.
PVNBP	11,416	**11,993**	+5.1%
Single premium	7,222	7,653	+6.0%
Recurring premium	581	704	+21.3%
APE	1,303	**1,470**	+12.8%

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L/H: 5 percent new business growth with NBM of 3.4 percent

Comments

PVNBP by line

- **NBM ≥ 3% in all quarters 2017**
  Management actions during 2016 and 2017 contribute to NBM improvement. NBM of capital-efficient and traditional products improve 0.9%-p respectively 1.1%-p; 9M 2017 NBM at 3.3%.
- **Double-digit growth in preferred lines**
  Strong growth in preferred lines (+10%) results in new business growth of 5.1% which is the highest level in 2017.
- **Steadily moving closer to target business mix**
  Share of preferred lines of business up 4%-p to 77%. Italy, USA, Taiwan, Benelux, Asia Pacific, Spain with share of preferred lines around or above target level of 80%.
- **Net flows keep strong momentum**
  Net flows EUR 2.7bn, up 86%. Net flows foremost into preferred lines of business.

PVNBP by OE

- **Germany Life – preferred lines grow 17%**
  Profitable growth with all business lines NBM ≥ 3.0%.
- **USA – hybrid VA production up 62%**
  FIA last call effect in 3Q 2016 ahead of repricing actions. Allianz Life retains top rank in the FIA space for the 32nd consecutive quarter (as of 2Q 2017).
- **France – improved business mix**
  Higher production in preferred lines and intended decline in traditional products.
- **Italy – share of preferred lines at 85%**
  Capital-efficient products show highest plus with +120%.
- **Benelux – all lines with NBM improvement**
  Management action reflected in strong NBM improvement (+1.0%-p). UL production up 164%.
- **Asia Pacific – 27% growth with 4.2% NBM**
  UL business (+42%) main driver. Share of preferred lines of business up 4%-p to 79%.

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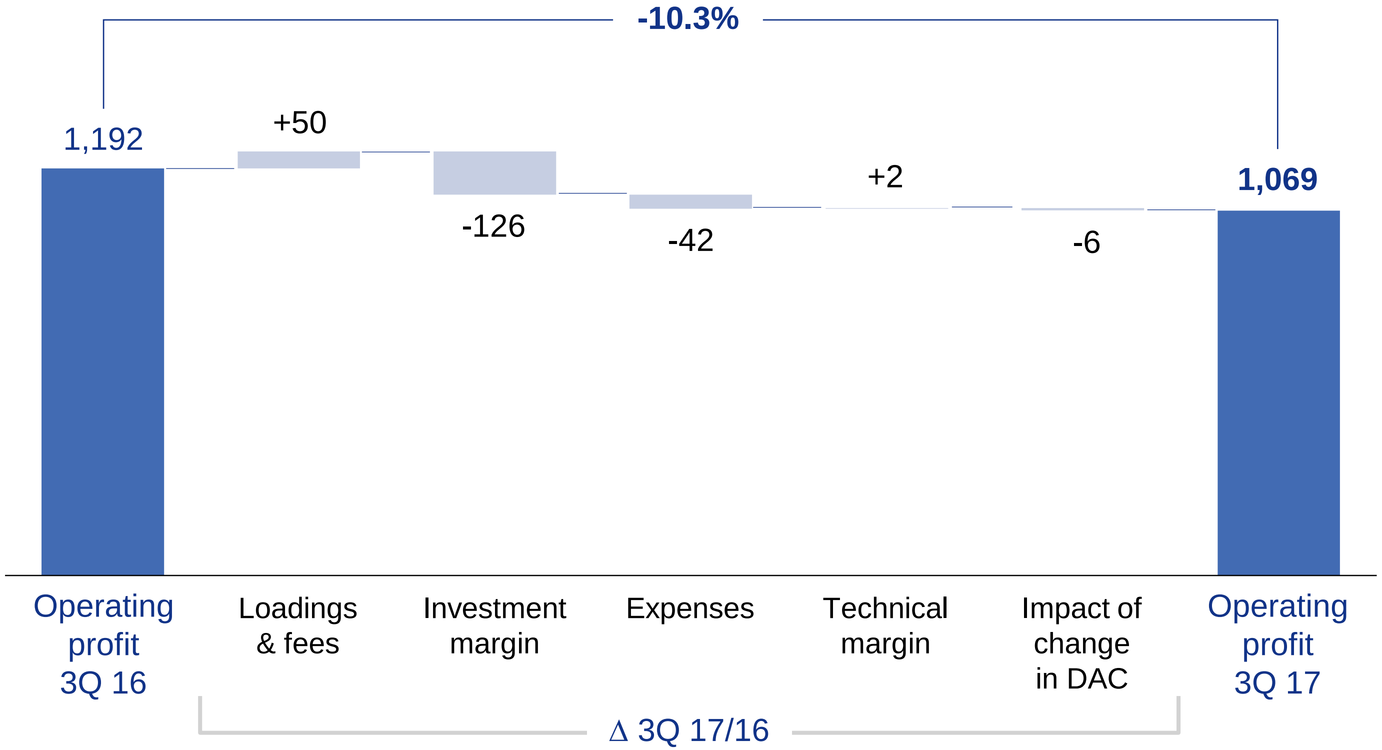
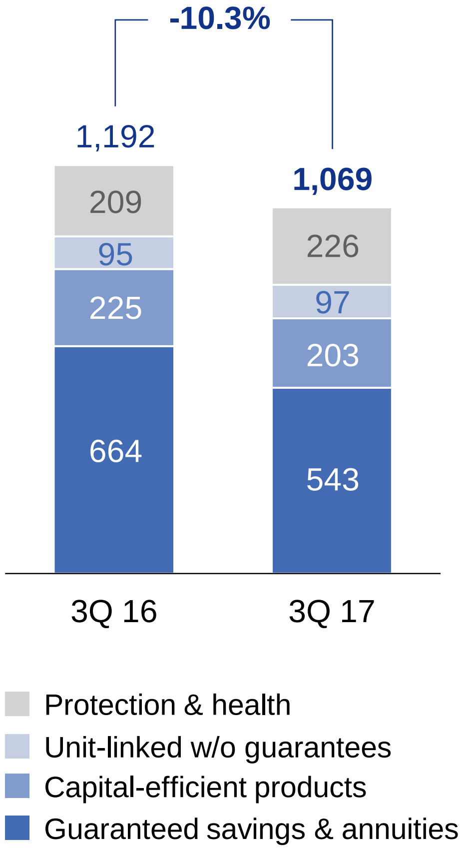
L/H: another strong quarter
(EUR mn)

Operating profit by source



3Q 17	**1,440**	**963**	**-1,644**	**278**	**32**
3Q 16	1,391	1,089	-1,602	276	38

Operating profit by line



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L/H: another strong quarter

Comments

- **9M OP at 84% of FY target range midpoint**
  9M 2017 operating profit of EUR 3.4bn at excellent level.
- **L/H RoE 9M (annualized) up 3.0%-p to 12.6%**
  Share of OEs with RoE ≥ 10% at 77%. RoEs of Germany Life (18.3%), Asia Pacific (16.5%), USA (15.1%) and France (11.0%) well above 10%. Italy (7.4%) still below 10%, but on track to reach target in 2018 which would increase share close to 90%.
- **Loadings & fees up 4%**
  Higher contribution from reserves (∆ EUR +17mn) in line with growth in total reserves (+4%).
  In addition increase in UL fees, i.e. through higher AuM base in Italy.
- **Strong investment margin**
  Normalization of level of net realized gains. Investment margin solid at 23bps.
- **Expenses 3% higher**
  Increase in acquisition expenses driven by new business growth in Asia, Germany Life, Italy and France. Admin expense ratio unchanged.
- **Stable contribution from technical margin and impact of change in DAC**

Operating profit by line

- **Protection & health up 8%**
  Higher contribution from France (∆ EUR +33mn) mainly as a result of a better combined ratio in health.
- **Lower USD weighs on capital-efficient products**
  Negative impact of EUR -11mn from F/X.
- **Less harvesting impacts profitability of GS&A**
  Normalization of level of net realized gains compared with a high result in the previous year.

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L/H: VNB up 29 percent with Asia Pacific as 3rd strongest VNB contributor

		Value of new business		New business margin		Operating profit	
EUR mn		3Q 17	Δ p.y.	3Q 17	Δ p.y.	3Q 17	Δ p.y.
Total L/H segment		**410**	+28.8%	**3.4%**	+0.6%-p	**1,069**	-10.3%
Large OEs	Germany Life	141	+1.3%	4.0%	-0.2%-p	281	-12.9%
	USA	72	+137.2%	3.0%	+1.9%-p	307	-8.6%
	Italy	39	+67.5%	2.3%	+0.6%-p	50	+3.6%
	France	28	+56.8%	1.9%	+0.6%-p	163	-11.4%
Selected OEs	Asia Pacific	58	+37.0%	4.2%	+0.3%-p	37	+2.2%
	Germany Health	12	+104.8%	3.4%	+1.8%-p	32	-59.0%
	Turkey	12	+9.9%	6.4%	-0.1%-p	20	+22.8%
	Benelux	9	+195.0%	2.5%	+1.0%-p	27	-7.0%
	Spain	9	-18.5%	5.3%	+1.0%-p	50	+0.8%
	CEE	9	+11.7%	7.0%	+1.1%-p	41	+39.9%
	Switzerland	4	+40.2%	3.1%	+1.5%-p	22	+11.1%

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L/H: VNB up 29 percent with Asia Pacific as 3rd strongest VNB contributor

Comments

New business

- **Successful new business management**
  Outstanding NBM and VNB prove that our products are value creating even in a very low interest rate environment.
- **9M 2017 VNB at 92% of FY 2016 level**
  82% of VNB stem from preferred lines of business.
- **NBM remains above target level of 3.0%**
  Main drivers for improvement are more benign economic conditions (+0.5%-p) and better business mix (+0.2%-p). Calculated with end-of-quarter assumptions 3Q 2017 NBM at 3.5%. Significant improvement across almost all entities.
- **Asia Pacific with outstanding performance**
  PVNBP +27% and NBM 4.2% (+0.3%-p) result in a plus of 37% in VNB and 14% share in total Group L/H VNB.

Operating profit

- **Germany and France – excellent profitability**
  Operating profit impacted by normalized level of net realized gains and last year's sale of real estate.
- **USA – strongest contributor to operating profit**
  Decline mainly due to lower USD.
  9M 2017 operating profit up 40% to EUR 894mn.
- **Asia Pacific – one-off expenses impact OP growth**
  Excluding non-recurring expense items double-digit growth in operating profit.
- **Germany Health – 9M 2017 result stable**
  Decline due to methodology refinement for calculation of intra-year policyholder participation.
- **Turkey – result benefits from volume growth**
  In local currency increase of 53%.
- **CEE – normalization**

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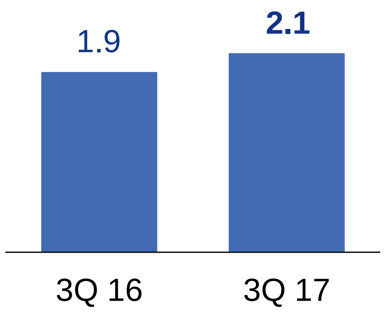
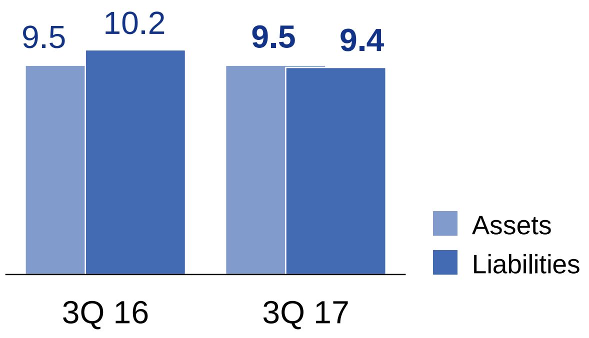
L/H: investment margin solid at 23bps

(Yields are pro-rata)	Investment margin 3Q 16	Investment margin 3Q 17
Based on Ø book value of assets[1] (EUR bn)	**521**	**518**
Current yield	0.8%	0.8%
Based on Ø aggregate policy reserves (EUR bn)	**412**	**424**
Current yield	**1.1%**	**1.0%**
Net harvesting and other[2]	0.2%	0.0%
Total yield	**1.3%**	**1.1%**
- Ø min. guarantee[3]	0.5%	0.5%
Gross investment margin (in %)	**0.8%**	**0.5%**
- Profit sharing under IFRS[4]	0.5%	0.3%
Investment margin (in %)	**0.3%**	**0.2%**
Investment margin (EUR mn)	1,089	963

Economic reinvestment yield
(debt securities; in %)



Duration[5]



1) Asset base under IFRS which excludes unit-linked, FVO and trading
2) Other comprises fair value option, trading and F/X gains and losses, as well as investment expenses
3) Based on technical interest
4) Includes bonus to policyholders under local statutory accounting and deferred premium refund under IFRS
5) For the duration calculation a non-parallel shift in line with SII yield curves is used. Data excludes internal pensions residing in the L/H segment

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L/H: investment margin solid at 23bps

Comments

- **Yield decline mitigated**
  Current yield based on aggregate policy reserves down by 4bps. Impact largely offset by lower average minimum guarantee (-2bps).
- **Net harvesting and other – less net realized gains**
  Result from net harvesting and other at 4bps equals drop of 21bps vs. the year before (24bps).
  Main reason is lower contribution of net realized gains (Δ -18bps).
- **Unrealized gains > EUR 60bn**
  Level of unrealized gains remains significant:
  EUR 47bn on debt securities and loans, EUR 11bn for equities, EUR 4bn for real estate (held for investment) and EUR 2bn for others.
- **Investment margin (in %) – 23bps and on track**
  9M 2017 investment margin at 72bps.
  Normal full-year level approx. 95bps.
- **Investment margin (EUR mn) – close to EUR 1bn**
  Support from higher reserve base (+3%).
- **PHP slightly down**
  PHP declines by 1.2%-p to 78.5%.
- **Pick up in economic reinvestment yield**
  Reinvestment yield is 0.2%-p ahead of 3Q 2016 and 2Q 2017.
- **Duration gap stabilized**
  Asset duration stable due to management action offsetting impact from higher rates. Liability duration reduced due to market movements and the disposal of our Korean Life business.

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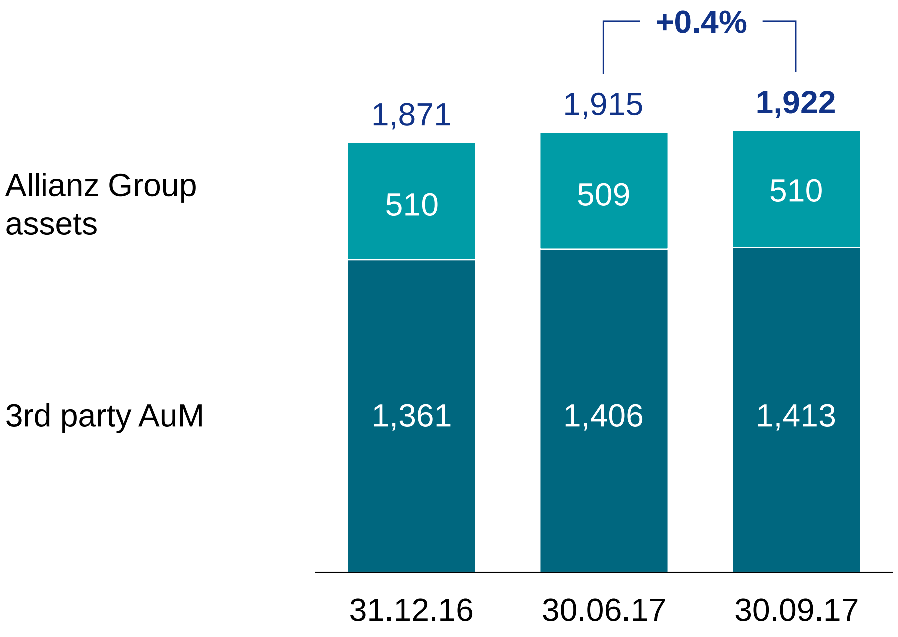
AM: 5th consecutive quarter with 3rd party net inflows, YTD > EUR 100bn
(EUR bn)

Total assets under management

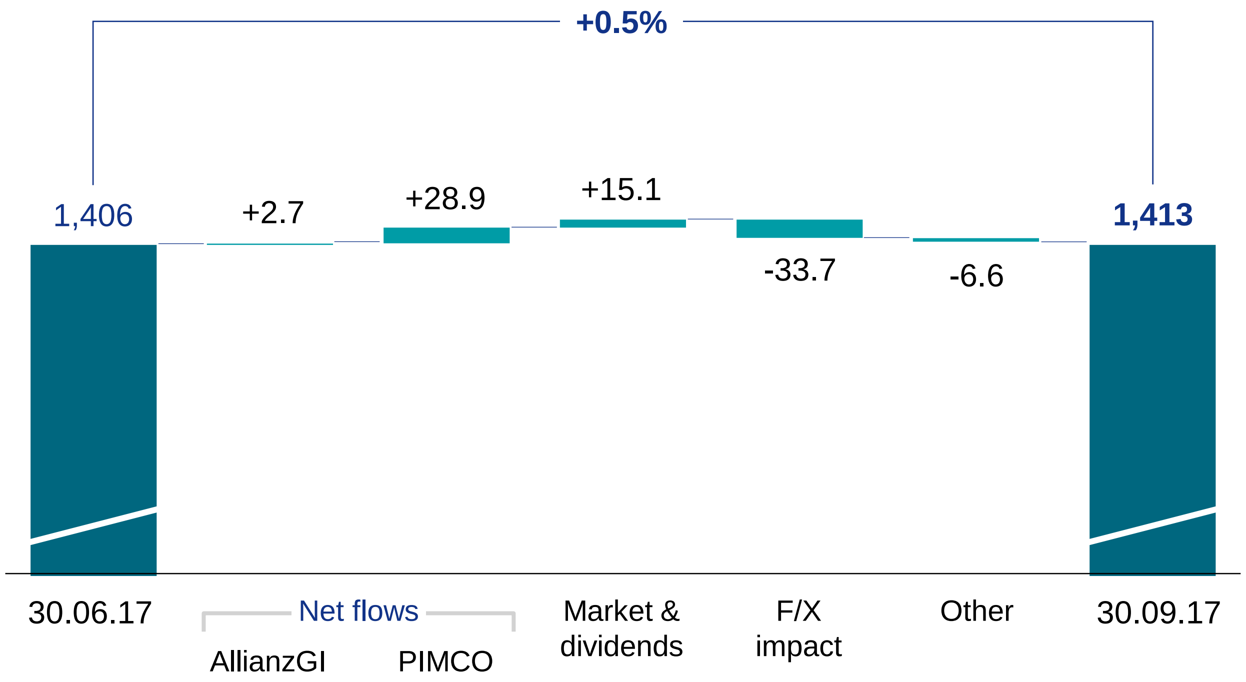


3rd party AuM split

	31.12.16	30.06.17	30.09.17
PIMCO	1,036	1,069	**1,080**
AllianzGI	325	337	**332**

+1.1% (PIMCO), -1.5% (AllianzGI)

3rd party assets under management development



in %	AllianzGI	PIMCO	Market & dividends	F/X impact	Other
in %	+0.2%	+2.1%	+1.1%	-2.4%	-0.5%

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AM: 5th consecutive quarter with 3rd party net inflows, YTD > EUR 100bn

Comments

- **3rd party AuM segment – up 3% excluding F/X**
  Increase compared with 2Q 2017 due to strong 3rd party net inflows and favorable markets. F/X and de-consolidation of AllianzGI Korea impact AuM adversely.
  EUR 106bn 3rd party net inflows year-to-date.
  3rd party AuM up 11% since end of 3Q 2016 excluding F/X (nominal growth +6%).
- **3rd party AuM AllianzGI – impacted by Korea**
  3rd party net inflows, favorable markets, but negative F/X and de-consolidation of AllianzGI Korea (EUR 10bn 3rd party AuM) lead to reduction by 1.5%.
- **3rd party AuM PIMCO – up 1%**
  EUR 29bn 3rd party net inflows and positive market effects, but negative F/X impact particularly due to weaker USD.
- **Net inflows AllianzGI: EUR 3bn**
  3rd party net inflows in multi asset, fixed income and alternatives business more than compensate for moderate 3rd party net outflows in equities.
- **Net inflows PIMCO: EUR 29bn, EUR 101bn YTD**
  3rd party net inflows continue driven by strategies like Income, Enhanced Cash, Investment Grade Credit and Capital Securities. US Income Fund contributes ~30% of 3rd party net inflows.
  EUR 101bn 3rd party net inflows year-to-date.
- **Investment performance PIMCO – outstanding**
  93% of 3rd party AuM outperform benchmarks on a trailing 3-year basis before fees (2Q 2017: 91%).
  Income and Total Return Fund with positive alpha across 3-month, 1-, 3- and 5-year periods.

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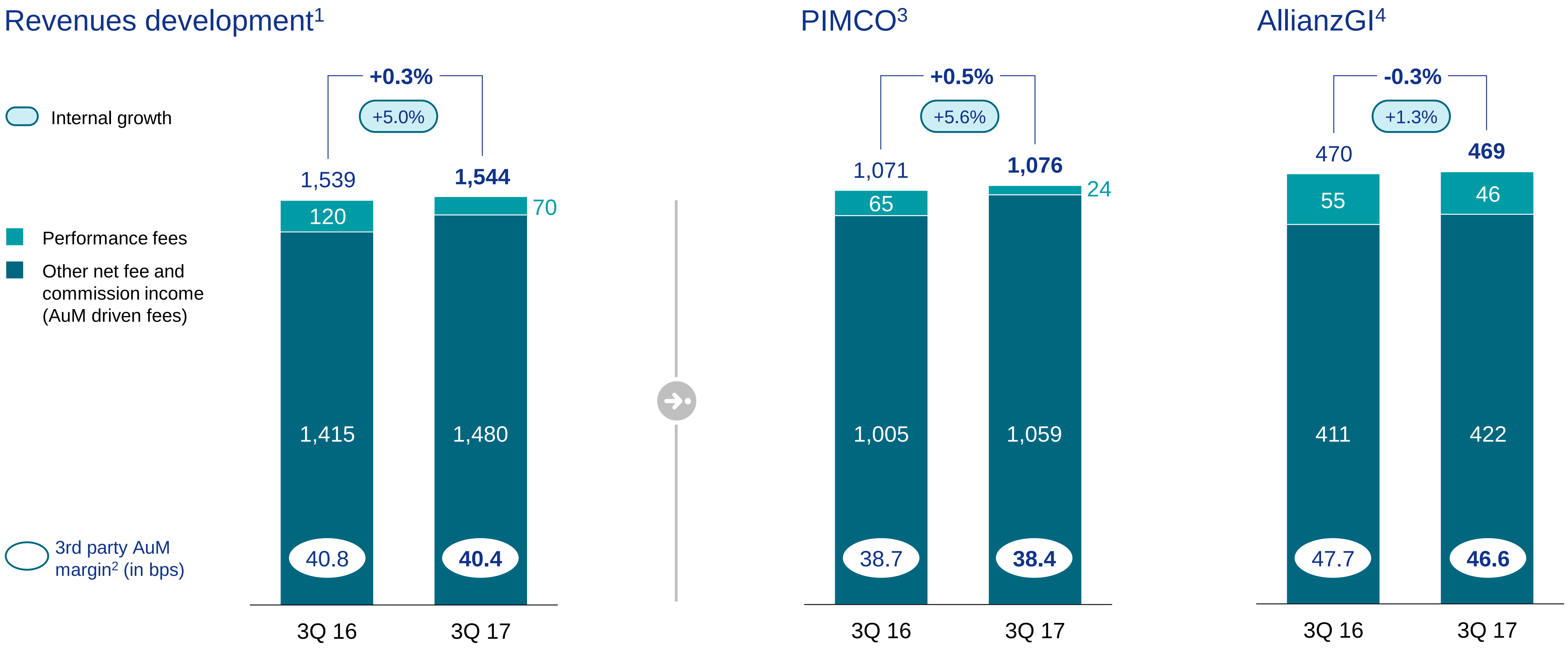
AM: AuM driven fees up 9 percent excluding F/X
(EUR mn)



1) Other operating revenues in the AM segment of EUR 5mn in 3Q 16 and EUR -6mn in 3Q 17 are not shown in the chart
2) Excluding performance fees and other income
3) Other operating revenues at PIMCO of EUR 1mn in 3Q 16 and EUR -7mn in 3Q 17 are not shown in the chart
4) Other operating revenues at AllianzGI of EUR 4mn in 3Q 16 and EUR 1mn in 3Q 17 are not shown in the chart

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AM: AuM driven fees up 9 percent excluding F/X

Comments

- **AuM driven fees significantly up**
  EUR 108bn 3rd party net inflows over the last four quarters contribute to higher average 3rd party AuM (+6% versus 3Q 2016), resulting in higher AuM driven fees (+5%, +9% excluding F/X). Performance fees decrease (Δ EUR -50mn) primarily due to less carried interest at PIMCO from one large fund. Total revenues increase 4% adjusted for F/X.

- **Margin PIMCO – stable**
  Quarterly 3rd party AuM margin stable in 2017 (1Q: 38.4bps, 2Q: 37.9bps, 3Q: 38.4bps) and nearly unchanged compared with 3Q 2016 (38.7bps).

- **Margin AllianzGI – up versus 1Q / 2Q 2017**
  Positive trend in comparison with 1Q (45.3bps) and 2Q 2017 (46.3bps). 3Q 2017 margin excluding Korea amounts to 47.5bps, nearly the same level as in 3Q 2016 (47.7bps).

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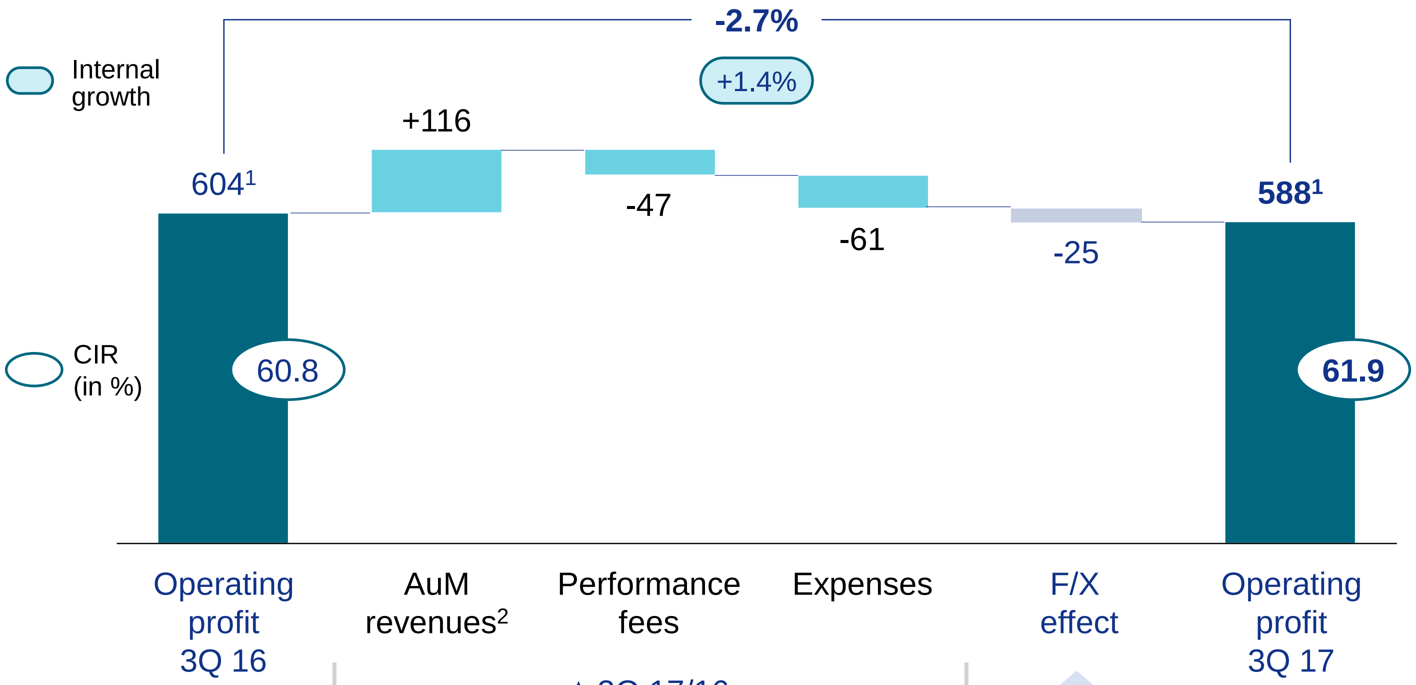
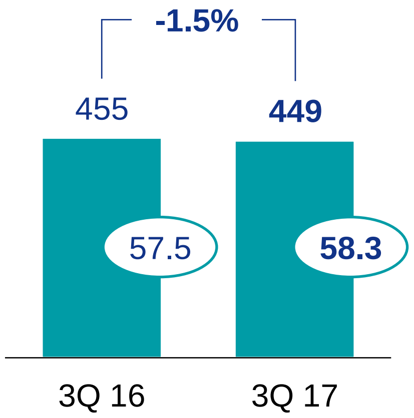
AM: strong operating profit despite adverse F/X
(EUR mn)

Operating profit drivers

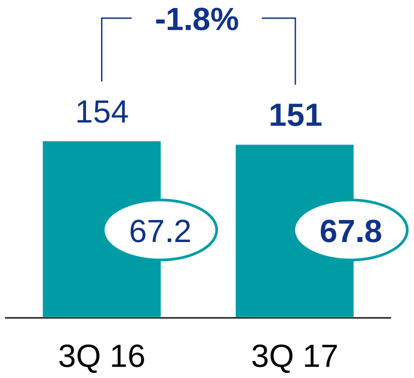


F/X impact	-61	-3	+39
3Q 17	**1,474**	**70**	**-956**
3Q 16	1,419	120	-935

PIMCO



AllianzGI



1) Including operating loss from other entities of EUR -6mn in 3Q 16 and EUR -12mn in 3Q 17
2) Including other operating revenues

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AM: strong operating profit despite adverse F/X

Comments

- **Segment – OP up versus 1Q and 2Q 2017**
  Positive OP trend: EUR 572mn in 1Q, EUR 584mn in 2Q, EUR 588mn in 3Q 2017. Nominal decrease vs. 3Q 2016 driven by less carried interest at PIMCO, adverse F/X and several one-off expenses. F/X adjusted OP increases 1.4%.
- **PIMCO – OP strong**
  OP adjusted for F/X improves 3.5% and is nearly stable on a nominal basis.
  CIR better than 2018 target level of 60%.
- **AllianzGI – OP stable on a high level**
  OP and CIR nearly unchanged.
- **Segment 9M 2017 – 76% of OP outlook midpoint for FY 2017 achieved**
  3rd party net flows, revenues, operating profit and CIR significantly improved vs. previous year.

	9M 2016	9M 2017	Δ
Operating revenues (EUR mn)	4,366	4,658	+7%
Operating profit (EUR mn)	1,563	1,743	+11%
3rd party net flows (EUR bn)	-22.0	+105.9	+127.9
3rd party AuM margin (bps)	41.0	40.1	-0.8bps
CIR (%)	64.2%	62.6%	-1.6%-p

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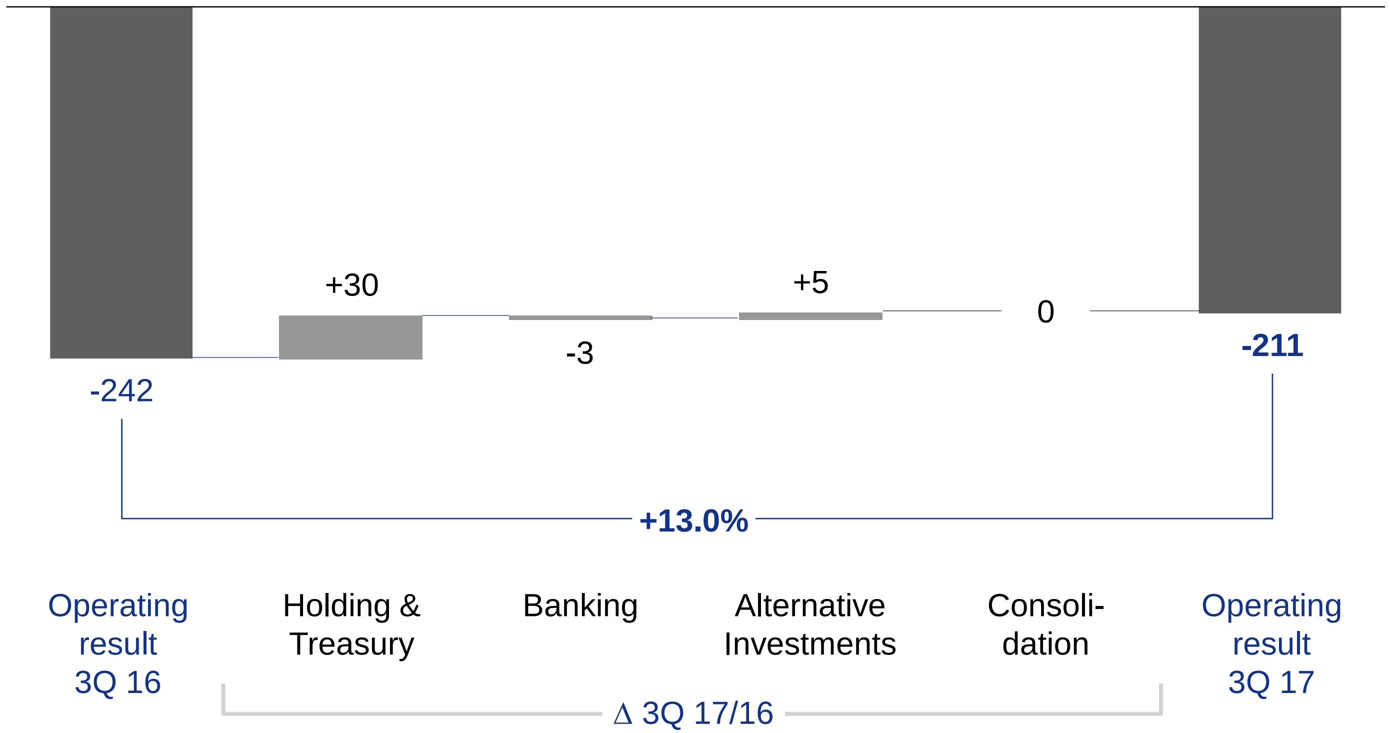
CO: improving
(EUR mn)

Operating loss development and components



3Q 17	**-235**	**11**	**13**	**0**
3Q 16	-265	15	8	0

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CO: improving

Comments

- **Holding & Treasury with good improvement**
  Better result due to decline in admin expenses at Allianz SE and a higher net interest result.

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Group: shareholders' net income at EUR 1.6 billion

EUR mn	3Q 16	3Q 17	Change
Operating profit	2,995	2,477	-518
Non-operating items	**-139**	**-142**	**-3**
Realized gains/losses (net)	226	171	-55
Impairments (net)	-48	-50	-2
Income from financial assets and liabilities carried at fair value (net)	-4	-3	+1
Interest expenses from external debt	-217	-208	+9
Acquisition-related expenses	0	1	+1
Restructuring charges	-55	-40	+15
Amortization of intangible assets	-34	-35	-1
Change in reserves for insurance and investment contracts (net)	0	22	+22
Reclassifications	-8	0	+8
Income before taxes	**2,856**	**2,335**	**-520**
Income taxes	-870	-665	+205
Net income	**1,986**	**1,670**	**-316**
Non-controlling interests	-91	-104	-13
Shareholders' net income	**1,895**	**1,566**	**-329**
Effective tax rate	30%	28%	-2%-p

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Group: shareholders' net income at EUR 1.6 billion

Comments

- **Shareholders' net income impacted by NatCat**
  Shareholders' net income driven by lower operating profit (Δ EUR -518mn) mainly as a result of higher NatCat claims (Δ EUR ~500mn).
- **9M 2017 shareholders' net income at EUR 5.4bn**
  Net income at 77% of FY 2016 result and 5% higher than in 9M 2016.
- **Non-operating items stable**
  Reduction of 24% in realized gains/losses offset by smaller improvements in several other line items.
- **Restructuring charges**
  Restructuring charges driven by Allianz Technology and sales efficiency and operational transformation program of Allianz France.
- **Tax rate slightly below normal level**
  Tax rate supported by tax-free income, for example capital gains.
- **Deals previously announced, but not yet closed**
  In 2Q 2017 Allianz agreed to sell its entire stake in OLB. We expect negative net income impact of EUR ~0.2bn from de-consolidation at closing.

  In 3Q 2017 Allianz and LV= agreed to create a joint venture to build the third largest personal insurer in the UK market.

  In 4Q 2017 Allianz agreed to sell part of its life insurance portfolio in Taiwan. Negative net income impact of EUR ~0.2bn expected.

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Status quo and ambitions for 2018

9M 17	2018			9M 17	2018
4.7%[1]	5%[1]	EPS Growth	Businesses with NPS above market	**55%[3]**	75%
12.4%[2]	13%	RoE Allianz Group	SII interest rate sensitivity	**11%-p**	<11%-p
95.4%	94%	P/C CR	PIMCO CIR	**59.1%**	60%
77%[2]	100%	L/H OEs with RoE ≥10%	IMIX	**72%[3]**	72%
3.3%	3.0%	L/H NBM	Share of newly launched digital products	**72%[3]**	~100%

1) CAGR of (annualized) EPS versus EPS for FY 2015. Annualized figures are not a forecast for full-year numbers
2) For more details on the RoE calculation please refer to the glossary
3) Based on latest available data

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2

Group financial results 3Q 2017

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Glossary (1)

AFS	Available-for-sale: Non-derivative financial assets which have been acquired neither for sale in the near term nor to be held to maturity. Available-for-sale investments are shown at fair value on the balance sheet.
AGCS	Allianz Global Corporate & Specialty
AllianzGI	Allianz Global Investors
AM	(The business segment) Asset Management
AP	Allianz Partners
APE	Annual premium equivalent: A measure to normalize single premiums to the recurring premiums. It is calculated as sum of recurring premiums and 10% of single premiums of the respective period.
APR	Accident insurance with premium refund: Special form of accident insurance where the policyholder, in addition to insurance coverage for accidents, has a guaranteed claim to refund of premiums at the agreed maturity date or in the event of death.
Attritional LR	Accident year losses less claims arising from natural catastrophes as per our Group definition (please refer to “NatCat”) divided by premiums earned (net).
AuM	Assets under management are assets or securities portfolios, valued at current market value, for which Allianz Asset Management companies provide discretionary investment management decisions and have the portfolio management responsibility. They are managed on behalf of third parties as well as on behalf of the Allianz Group. **Net flows:** Net flows represent the sum of new client assets, additional contributions from existing clients, including dividend reinvestment, withdrawals of assets from, and termination of, client accounts and distributions to investors. **Market & dividends:** Market & dividends represents current income earned on and changes in fair value of securities held in client accounts. It also includes dividends from net investment income and from net realized capital gains to investors of open-ended mutual funds and of closed-end funds.
AY LR	Accident year loss ratio – please refer to “LR” (loss ratio).
AZ	Allianz

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Glossary (2)

Bps	Basis points. 1 Basis point = 0.01%.
CEE	Central and Eastern Europe excluding Russia and Ukraine
CIR	Cost-income ratio: Operating expenses divided by operating revenues
CO	(The business segment) Corporate and Other
CR	Combined ratio: Represents the total of acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, and claims and insurance benefits incurred (net) divided by premiums earned (net).
Current yield	Represents interest and similar income divided by average asset base at book value.
DAC	Deferred acquisition costs: Expenses of an insurance company which are incurred in connection with the acquisition of new insurance policies or the renewal of existing policies and activated in the balance sheet. They include commissions paid, underwriting expenses and policy issuance costs.
Economic reinvestment yield	The economic reinvestment yields reflects the reinvestment yield including F/X hedging costs for non-domestic hard currency F/X bonds as well as expected F/X losses on non-domestic emerging markets bonds in local currencies. The yield is presented on an annual basis.
EIOPA	European Insurance and Occupational Pensions Authority
EPS	Earnings per share: Ratio calculated by dividing the net income for the year attributable to shareholders by the weighted average number of shares outstanding (basic EPS). In order to calculate diluted earnings per share, the number of common shares outstanding and the net income for the year attributable to shareholders are adjusted by the effects of potentially dilutive common shares which could still be exercised. Potentially dilutive common shares arise in connection with share-based compensation plans (diluted EPS).
ER	Expense ratio: Represents acquisition and administrative expenses (net), excluding one-off effects from pension revaluation, divided by premiums earned (net).
F/X	Foreign exchange rate

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Glossary (3)

FIA	Fixed-index annuity: Annuity contract whereby the policyholder can elect to be credited based on movements in equity or bond market indices with protection of principal.
FV	Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
FVO	Fair value option: Financial assets and liabilities designated at fair value through income are measured at fair value with changes in fair value recorded in the consolidated income statement.
Goodwill	Difference between the cost of acquisition and the fair value of the net assets acquired.
Government bonds	Government bonds include government and government agency bonds.
GPW	Gross premiums written – please refer to “Premiums written/earned” as well as “Gross/Net”.
Gross/Net	In insurance terminology the terms “gross” and “net” mean before and after consideration of reinsurance ceded, respectively. In investment terminology the term “net” is used where the relevant expenses have already been deducted.
Harvesting	Includes realized gains/losses (net) and impairments of investments (net).
Held for sale	A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. On the date a non-current asset meets the criteria as held for sale, it is measured at the lower of its carrying amount and fair value less costs to sell.
IFRS	International Financial Reporting Standards. Since 2002, the designation IFRS applies to the overall framework of all standards approved by the International Accounting Standards Board. Already approved standards will continue to be cited as International Accounting Standards (IAS).
IMIX	The Inclusive Meritocracy Index (IMIX) measures the progress of the organization on its way towards Inclusive Meritocracy. The internal index is subsuming 10 Allianz Engagement Survey (AES) items around leadership, performance and corporate culture.
Internal growth	Total revenue performance excluding the effects of foreign currency translation as well as of acquisitions and disposals.
KPI	Key performance indicator

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Glossary (4)

L/H	(The business segment) Life and Health insurance
L/H lines of business	**Guaranteed savings & annuities:** Guaranteed savings and annuities are life insurance products that always relate to the length of human life. These products offer life and / or death coverage of the insured in the form of single or multiple payments to a beneficiary and may include financial and non-financial guarantees. **Capital-efficient products:** Products that use the general account and provide significantly reduced market risk either by full asset-liability matching of the guarantee or by significantly limiting the guarantee. This includes hybrids investing in a separate account (unit-linked) and the general account. Capital-efficient products also have a guaranteed surrender value with limited risk, e.g. due to the implementation of exact asset-liability matching or the inclusion of a market value adjustment. **Protection & health:** Protection and health insurance covers different risks which are linked to events affecting the physical or mental integrity of a person. **Unit-linked without guarantees:** Conventional unit-linked products are those where all of the benefits provided by a contract are directly linked to the value of assets contained in an internal or external fund held by the insurance undertakings as a separate account. The investment risk is borne by the policyholder rather than the insurer.
L/H operating profit sources	The objective of the Life/Health operating profit sources analysis is to explain movements in IFRS results by analyzing underlying drivers of performance on a Life/Health business segment consolidated basis. **Loadings & fees:** Includes premium and reserve based fees, unit-linked management fees and policyholder participation in expenses if any. **Investment margin:** Is defined as IFRS investment income net of expenses less interest credited to IFRS reserves and policyholder participation in the investment result. **Expenses:** Includes commissions, acquisition and administration expenses. **Technical margin:** Comprises risk result (risk premiums less benefits in excess of reserves), lapse result (surrender charges and commission clawbacks) and reinsurance result, all net of policyholder participation if any. **Impact of change in DAC:** Includes effects of change in DAC and URR. It represents the net impact of deferral and amortization of both acquisition costs and front-end loadings on operating profit.

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Glossary (5)

LatAm	Latin America: South America and Mexico
LoB	Line of business
LR	Loss ratio: Represents claims and insurance benefits incurred (net) divided by premiums earned (net). The calendar year (c.y.) loss ratio includes the results of the prior year(s) reserve development in addition to the accident year (a.y.) loss ratio.
MCEV	Market consistent embedded value: A measure of the consolidated value of shareholders' interests in the covered business. It is defined as the excess of market value of assets over market value of liabilities as of valuation date. Therefore, MCEV excludes any item that is not considered shareholder interest such as the Going Concern Reserve and Surplus Fund.
NatCat	Accumulation of claims that are all related to the same natural or weather/atmospheric event during a certain period of time and where the estimated gross loss for the Allianz Group exceeds EUR 20mn.
NBM	New business margin: Performance indicator to measure the profitability of new business in the business segment Life/Health. It is calculated as value of new business divided by present value of new business premiums.
Non-controlling interests	Those parts of the equity of affiliates which are not owned by companies of the Allianz Group.
NPE	Net premiums earned – please refer to "Premiums written/earned" as well as "Gross/Net".
NPS	Net promoter score: A measurement of customers' willingness to recommend Allianz. Top-down NPS is measured regularly according to global cross industry standards and allows benchmarking against competitors in the respective markets.
OE	Operating entity
Ogden rate	Discount (Ogden) rate is used by British courts to calculate the discounted values of future losses in bodily injury claims paid out as lump-sum payments. It largely impacts motor, but also liability lines. Being set at 2.5% in 2001, the Lord Chancellor decreased the Ogden rate to -0.75% on 27th of February, 2017 – a much steeper reduction than was predicted by the industry earlier this year.

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Glossary (6)

OP	Operating profit: Earnings from ordinary activities before income taxes and non-controlling interests in earnings, excluding, as applicable for each respective business segment, all or some of the following items: income from financial assets and liabilities carried at fair value through income (net), realized gains/losses (net), impairments of investments (net), interest expenses from external debt, amortization of intangible assets, acquisition-related expenses, restructuring charges and profit/loss of substantial subsidiaries held for sale, but not yet sold.
Own funds	Regulatory solvency capital eligible for covering the regulatory solvency capital requirement
P/C	(The business segment) Property and Casualty insurance
PHP	Policyholder participation
PIMCO	Pacific Investment Management Company Group
Pre-tax operating capital generation	Represents the movement of SII capitalization attributable to the change in own funds from operating SII earnings and the change in SCR from business evolution after regulatory and model changes, but excluding market impact, dividends, capital management activities, taxes as well as other factors.
Premiums written/earned (IFRS)	Premiums written represent all premium revenues in the respective year. Premiums earned represent that part of the premiums written used to provide insurance coverage in that year. In the case of life insurance products that are interest sensitive (e.g. universal life products) or where the policyholder carries the investment risk (e.g. variable annuities), only the part of the premiums used to cover the risk insured and costs involved is treated as premium income.
PVNBP	Present value of new business premiums: The present value of future premiums on new business written during the period discounted at reference rate. It includes the present value of projected new regular premiums plus the total amount of single premiums received.
Reinsurance	An insurance company transfers a part of its assumed insurance risk to a reinsurance company.
Retained earnings	In addition to the reserve required by law in the financial statements of the Group parent company, this item consists mainly of the undistributed profits of Group entities and amounts transferred from consolidated net income.

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Glossary (7)

RfB	Reserves for premium refunds (“Rückstellungen für Beitragsrückerstattung”): Part of the surplus that is to be distributed to policyholders in the future. These reserves are established based on statutory, contractual or company by-law obligations, or at the insurer’s discretion.
RoE	**Return on equity Group:** Represents net income attributable to shareholders divided by the average shareholders’ equity excluding unrealized gains/losses on bonds (net of shadow accounting) at the beginning and the end of the period. **Return on equity P/C OE:** Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) deducting goodwill and deducting participations in affiliates not already consolidated in this OE, at the beginning and the end of the period. **Return on equity L/H OE**: Represents net income divided by the average total equity excluding unrealized gains/losses on bonds (net of shadow accounting) and deducting goodwill at the beginning and the end of the period.
RoRC	Return on risk capital
Run-off ratio	The run-off ratio is calculated as run-off result (result from reserve developments for prior (accident) years in P/C business) in percent of premiums earned (net).
SII	Solvency II
SII capitalization	Ratio indicating the capital adequacy of a company comparing own funds to SCR.
SCR	Solvency capital requirement
SE	Societas Europaea: European stock company
SFCR	Solvency and financial condition report
Share of newly launched digital products	Newly launched digital products are conveniently available via digital means at key steps of the customer journey for end-customer or intermediary. A product will be considered digital once four digital features comprising a large part of the customer experience (quote, purchase, policy administration and claims) are implemented. In scope is retail as well as small and medium-sized entities, all channels, for Property-Casualty, Life and Health. The share of products is weighted by revenues.

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Glossary (8)

Statutory premiums	Represents gross premiums written from sales of life and health insurance policies, as well as gross receipts from sales of unit-linked and other investment-oriented products, in accordance with the statutory accounting practices applicable in the insurer's home jurisdiction.
Total equity	Represents the sum of shareholders' equity and non-controlling interests.
Total revenues	Represents the sum of P/C gross premiums written, L/H statutory premiums, operating revenues in AM and total revenues in CO (Banking).
UFR	Ultimate forward rate: The estimate of the ultimate forward rate is defined in line with the EIOPA methodology and guidelines. An extrapolation is needed past last available market data points. The UFR is determined for each currency using macroeconomic methods, the most important factors being long-term expected inflation and real interest rates. Although the UFR is subject to revision, it should be stable and only change when there are fundamental changes to long-term expectations.
UL	Unit-linked – please refer to "L/H lines of business".
Unrealized gains/losses (net) (as part of shareholders' equity)	Include unrealized gains and losses primarily from available-for-sale investments net of taxes and policyholder participation.
URR	Unearned revenue reserves: The unearned revenue reserves contain premium components other than expense charges that refer to future periods, which are reserved and released over the lifetime of the corresponding contracts.
VA	Variable annuities: The benefits payable under this type of life insurance depend primarily on the performance of the investments in a mutual fund. The policyholder shares equally in the profits or losses of the underlying investments. In addition, the contracts can include separate guarantees, such as guaranteed death, withdrawal, accumulation or income benefits.
VNB	Value of new business: The additional value for shareholders created through the activity of writing new business. It is defined as present value of future profits after acquisition expenses overrun or underrun, minus time value of financial options and guarantees, minus risk margin, all determined at issue date.

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Such deviations may arise due to, without limitation, (i) changes of the general economic conditions and competitive situation, particularly in the Allianz Group's core business and core markets, (ii) performance of financial markets (particularly market volatility, liquidity and credit events) (iii) frequency and severity of insured loss events, including from natural catastrophes, and the development of loss expenses, (iv) mortality and morbidity levels and trends, (v) persistency levels, (vi) particularly in the banking business, the extent of credit defaults, (vii) interest rate levels, (viii) currency exchange rates including the Euro/U.S. Dollar exchange rate, (ix) changes in laws and regulations, including tax regulations, (x) the impact of acquisitions, including related integration issues, and reorganization measures, and (xi) general competitive factors, in each case on a local, regional, national and/or global basis. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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